

Message Text

CONFIDENTIAL

PAGE 01 JIDDA 03442 071507Z

ACTION EB-08

INFO OCT-01 ISO-00 AF-10 ARA-10 EA-10 EUR-12 NEA-11

IO-13 SOE-02 AID-05 CEA-01 CIAE-00 COME-00

DODE-00 DOE-15 H-01 INR-10 INT-05 L-03 NSAE-00

NSC-05 OMB-01 PM-05 ICA-11 OES-07 SP-02 SS-15

STR-07 TRSE-00 ACDA-12 NRC-05 PA-01 /188 W

-----038808 071528Z /46

R 071420Z MAY 78

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 1983

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

USINT BAGHDAD

AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY DOHA

USMISSION GENEVA

AMEMBASSY JAKARTA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY QUITO

USLO RIYADH

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

AMEMBASSY TRIPOLI

AMEMBASSY VIENNA

C O N F I D E N T I A L JIDDA 3442

E.O. 11652: GDS

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 JIDDA 03442 071507Z

TAGS: ENRG, PEPR, SA

SUBJ: OPEC MEETING: SAUDI POSITION

1. IN INTERVIEW PRESUMABLY TIMED TO COINCIDE WITH
MAY 6 OPENING OF OPEC CONSULTATIVE CONFERENCE IN
TAIF, CROWN PRINCE FAHD STRONGLY DEFENDED CONTINUED
USE OF THE DOLLAR TO DENOMINATE OIL PRICES. INTERVIEW

WITH FAHD, WHICH WAS GIVEN TO LEBANESE PAPER ALBAYRAQ, WAS QUOTED WIDELY IN SAUDI PRESS AS FOLLOWS:

2. BEGIN QUOTE: (PRINCE FAHD SPEAKING): "CERTAINLY, THE DOLLAR EXCHANGE RATE WILL BEGIN TO RISE NEXT MONTH. "TO ADVOCATE AN INCREASE IN OIL PRICES WHEN THE DOLLAR IS FALLING IS NOT A SOLUTION. SHOULD THE DOLLAR DETERIORATE TO THE LOWEST LEVEL, IT MEANS THE ENTIRE WORLD ECONOMY WOULD DETERIORATE TOO. "AN INCREASE IN OIL PRICES WOULD NOT AFFECT THE BIG COUNTRIES AS MUCH AS IT WOULD AFFECT THE DEVELOPING AND LIMITED-INCOME GROUP OF COUNTRIES. "THE BIG COUNTRIES HAVE THE RESOURCES TO PAY THE DIFFERENCE IN PRICE WITHOUT MUCH DIFFICULTY. "THE FACT IS THAT WE VIEW THINGS FROM AN INTERNATIONAL STANDPOINT AND TRY TO AVOID CRISES WHICH THE SMALL COUNTRIES ARE UNABLE TO COPE WITH." END QUOTE. ACCORDING TO INTERVIEW, FAHD'S OPTIMISM ON THE DOLLAR BASED ON MEASURES BEING TAKEN BY U.S., FRG, AND JAPAN, INCLUDING U.S. GOLD SALES.

3. OPEC CONFERENCE GOT OFF TO LEISURELY START MAY 6 IN ATMOSPHERE OF TIGHT SECURITY. MEETINGS ARE BEING HELD IN CLOSED SESSION AND NEWSMEN MAY NOT BE BRIEFED UNTIL END OF CONFERENCE, WHICH EXPECTED CONFIDENTIAL

CONFIDENTIAL

PAGE 03 JIDDA 03442 071507Z

MAY 7 EVENING.

4. SAUDIS HAVE GIVEN NO INDICATION THAT THEY INTEND, DURING THE TAIF MEETING, TO SOFTEN THEIR POSITIONS IN FAVOR OF CONTINUING PRICE FREEZE THROUGH 1978, OR IN DEFENSE OF DOLLAR AS OIL PRICE DENOMINATOR. DOLLAR NONETHELESS APPEARS TO HAVE EMERGED AS ONE OF MAJOR ELEMENTS OF DISCUSSION IN SPITE OF EFFORTS TO DIVERT DISCUSSION INTO LONG-TERM ISSUES SUCH AS GOVERNMENT-COMPANY RELATIONS, INDUSTRIAL PLANNING, OR LONG-TERM PRICING STRATEGY.

5. COMMENT: ALTHOUGH WE HAVE NO INSIDE SOURCES OF INFORMATION ON WHAT IS HAPPENING IN TAIF, IT SEEMS UNLIKELY TO US THAT ANY SIGNIFICANT DECISIONS CAN BE TAKEN. SAUDIS INTEND TO STALL OR SIDETRACK ANY ACTION ON PRICES OR DOLLAR LINK. WHILE THEY MAY USE CURRENT WEAKNESS OF OIL MARKET, GREATLY REDUCED SAUDI PRODUCTION (7.3 MILLION B/D IN MARCH), AND DISCOUNTING PRACTICES OF THEIR OPEC COLLEAGUES AS ARGUEMENTS AGAINST PRICE INCREASE IN 1978, WE BELIEVE SAUDIS WILL ATTEMPT TO STEER DISCUSSION INTO LONG-TERM

ISSUES ON WHICH CONFERENCE WILL BE UNABLE TO COME
TO DECISIONS. NO RESULT, AS FAR AS THE SAG IS
CONCERNED, WOULD BE THE BEST RESULT OF THE CONFERENCE. WILEY

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, MEETINGS, PRESS CONFERENCES, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 07 may 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978JIDDA03442
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780194-0628
Format: TEL
From: JIDDA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780585/aaaacuov.tel
Line Count: 119
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 54f5b4a2-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 01 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2768301
Secure: OPEN
Status: NATIVE
Subject: OPEC MEETING: SAUDI POSITION
TAGS: ENRG, PEPR, SA, OPEC, (FAHD, PRINCE)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/54f5b4a2-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014